

COUNTY OF SAN DIEGO, CALIFORNIA
BOARD OF SUPERVISORS POLICY

Subject

Legislative Policy: Fraud Prevention in Public Assistance and Medi-cal Programs

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Purpose

To establish the Board of Supervisors' legislative policy regarding issues related to preventing and identifying fraud in public and medical assistance programs and to provide guidance to the County's legislative representatives when advocating the County's interests to legislators, other elected officials and policy makers.

Background

The County of San Diego is committed to protecting taxpayer funds allocated to public welfare and medical assistance from exploitation. Fraud prevention and identification is also a national and state issue, particularly considering federal welfare reform, block grant funding, and time-limited public assistance. Resources expended to those who are not eligible reduce funds and services available to assist the truly needy.

It has become increasingly apparent that some recipients intentionally report false information or withhold facts in order to receive benefits or medical treatment to which they are not eligible. The current system encourages fraud by placing the burden on the administering agency to identify fraud. Fraud stigmatizes the truly needy. Multiple agencies administering various federal and state funded programs receive conflicting information about recipient resources but are unable to identify conflicting information because of client privacy requirements. The cost of electronic systems needed to prevent multiple applications is beyond the ability of local and even state government to subsidize.

The County of San Diego seeks a national and state agenda that shifts the responsibility back to the recipient of public dollars to establish their eligibility and holds them accountable, if they fail to accurately report. It also seeks to hold agencies and employers accountable for preventing fraud by requiring that common eligibility factor information be shared.

Goals

The goals of the legislative policy will be to:

1. preserve tax dollars for the truly needy;
2. prevent and identify fraud;
3. encourage stronger and more consistent imposition of criminal penalties;
4. impose consequences for failure to report information in a timely and/or accurate manner;

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5. impose consequences on those who conspire to and/or assist in defrauding public assistance and medical assistance programs; and
6. seek enhanced state and federal reimbursement for expenditures related to fraud control.

Policy:

The legislative policy of the County of San Diego regarding activities related to national and statewide fraud prevention and detection is to:

1. Coordinated Client Registry

Support legislation that would establish a coordinated client registry to provide a mechanism for states to share recipient information. This system would:

- Be directed toward the elimination of fraud in public assistance and medical assistance programs.
- Include photographs and fingerprints.
- Require positive identification as a condition of eligibility for all federal and state subsidized public assistance and medical assistance programs.

2. Fraud Penalties

Support legislation that would increase the penalties for welfare fraud. Such legislation would include the following elements:

- Stronger criminal penalties imposed on individuals who commit welfare fraud.
- Program eligibility sanctions for individuals determined to have fraudulently obtained public assistance benefits or medical assistance coverage.
- Fraud penalties imposed in one public assistance program not resulting in increased benefits in other assistance programs.
- Penalties for intentional inaccurate reporting of income, property, and household composition, whether the intentional act did or did not affect eligibility or benefit level.
- Assessment of administrative fees and interest fees, in addition to the amount of intentional overpayment, as restitution to be paid by fraudulent individuals.
- Cross jurisdiction penalties and sanctions that are imposed on individuals who commit interstate fraud.
- Increased legal penalties imposed on those who are party to fraud by providing false documents, misrepresenting information, or by encouraging the provision of false documentation. Submission of false application by applicant, or anyone who encourages it, is a misdemeanor on the first offense, felony on the second offense.

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- Fiscal, administrative, and/or criminal penalties on all individuals or businesses, including family members, determined to have coached or illegally assisted an individual to withhold or misrepresent facts in order to qualify for public or medical assistance.

- Fraud sanctions that are applied in all programs.

3. Recovery of Fraudulent Overpayments

Support legislation that would provide incentives for fraud detection and increase the recovery rate of fraudulent overpayments. This would include the following elements:

- Increased or additional fiscal incentives to local jurisdictions and administrative agencies for the detection and collection of fraudulent overpayments.
- Local jurisdiction and administrative agencies share proportionately in assets seized when drug trafficking arrests occur as a result of welfare fraud investigations.
- Federal tax intercept program to recover fraudulent overpayments.
- Spouse for spouse responsibility for recovery of overpayments, consistent with consumer credit practices.

4. Confidentiality

Support legislation that would waive confidentiality constraints when a fraud investigation is initiated. This would include:

- Coordination with law enforcement agencies, Departments of Motor Vehicles (DMV), the Bureau of Citizenship and Immigration Services, and Consular Offices.
- Expanded ability/authority to work with law enforcement regarding observed criminal activity and misdemeanor warrants.

5. Information Exchange

Support legislation that would fund and facilitate increased exchange of recipient information between federal, state, and local government agencies, including information to identify persons with felony drug convictions, fleeing felons, and probation or parole violators. This would include:

- Expanded use of electronic databases.
- Required reporting between federal and state funded programs of those individuals who report income, property, and household composition.
- Availability of national databases to track time on aid in other jurisdictions, and felony warrants from other jurisdictions.

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6. Employer Penalties

Support legislation that would:

- Require reporting to the Internal Revenue Service and impose penalties on employers who pay employees under the table;
- Restrict contracts/penalize companies/employers determined to have assisted in welfare fraud.

7. Immigration

Support legislation that would:

- Expand electronic interface with the Bureau of Citizenship and Immigration Services to include border-crossing cards and pending immigration applications.
- Allow a greater exchange of information with the Bureau of Citizenship and Immigration Services regarding applicants for public assistance and medical assistance programs.

8. Public Assistance/Medical Assistance Program Requirements

Support legislation that would standardize and simplify federal and state public and medical assistance programs. This legislation would seek:

- Common eligibility factors for public and medical assistance programs.
- Stringent eligibility verification requirements, including verification of identity and residency, to be met prior to granting.
- Elimination of "self declaration" as acceptable proof of residency, household composition, and income.
- Revision of current statutes that contribute to client fraud. Such legislation would include statutes related to: residency, temporary absence, transfer of property, homeless assistance repayment, or "Purchase and Prepare" separately, limitations of grant to amount paid by prior jurisdiction.
- Grant and incentive structures that ensure that work pays better than welfare, and supports the concept that program integrity is protected when recipients are engaged in full-time work activities.
- Recognition of a border crossing card as proof of residency in a country other than the United States.

9. Funding

Support legislation that would enhance state and federal reimbursement for expenditures related to fraud control, particularly Electronic Benefit Transfer (EBT) fraud prevention detection.

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Responsible Departments

1. Health and Human Services Agency
2. District Attorney
3. Housing and Community Development
4. Office of Strategy and Intergovernmental Affairs

Sunset Date

This policy will be reviewed for continuance by 12/31/07.

References:

Board Action 9/29/92 (11, 12)
Board Action 9/15/92 (41)
Board Action 5/19/92 (35, 36)
Board Action 4/14/92 (22)
Board Action 3/03/92 (32)
Board Action 1/21/92 (27)
Board Action 1/14/92 (2)
Board Action 9/28/93 (14)
Board Action 12/10/96 (2)
Board Action 3/18/97(28)
Board Action 1/13/04 (13)